

INFORMATION REPORT

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CONFIDENTIAL

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SUBJECT Conference in the DDR Ministry for Finance

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THIS IS UNEVALUATED INFORMATION

1. On 10 November 1950, a conference was held in the DDR Ministry of Finance under the chairmanship of Schnauffer, the head of the banking division of the Ministry. The meeting was attended by three of Schnauffer's assistants, Hennig, Weill, and Weinreich, and by the banking specialists of the various Laender Finance Ministries. Following is a summary of the most important conclusions:

a. A slow-down is to be implemented in granting credits to resettlers. There are about 500,000 resettlers and resettler families. If all of these should apply for the 1000 DM which they can legally request, a total of 500,000,000 DM could be claimed, an amount which cannot even approximately be made available. In consequence, the following restraining measures are to be enforced:

(1) New credits for new farmers may be drawn only when the latter have exhausted the normal land-reform building-credit to which they are entitled.

(2) The Saxon supplementary request of 2.8 million DM for construction workers' claims still to be met is the cause of severe criticism, since too little was reported in the initial Saxon estimate. The necessary sums were provided for in the DDR budget, so that Saxony must wait to see if other Laender have used in full the sums allotted to them. Only if the latter is not the case can a supplementary claim be filed with the budget section.

(3) It is impossible to fund the credits which have been assumed outside the new-farmer-credit-program with banking institutions for the purpose of paying manual laborers' claims and the like.

(4) The list of goods which can be bought on credit on the basis of the resettler law is to be severely reduced, effective immediately. For example, the top limit for kitchen ware is 30 DM in all, not per item. This is a decision of the state secretaries. The social committees in the Kreise must take measures to see that the anger of the disappointed is not directed at the savings banks.

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(5) The limit of three years for the repayment of resettler-house-furnishings-credits must be strictly observed. Negotiations are under way to extend this limit to 5 years, but the results are not as yet known.

b. The demand for 100 DM payments from the "old-bank-accounts" (Uraltkonten) was underestimated. The planned 100 million DM limit has already been overdrawn, and 120 to 125 million DM will be necessary to satisfy the demand. Thus the proposed extension of this measure to include unemployables and invalids is impossible. It is forbidden to mention the total sums involved in public, but there is no objection to mentioning to the mass organizations and to responsible individuals that from one million to 1,500,000 persons have taken advantage of the old-bank-accounts-payments.

c. The problem concerning the clarification of the securities situation is still unsolved. Inquirers are to be informed that the government is working on the question. The present aim is only to record all securities even when it is quite certain that there is no prospect of recovery. The government desires to have evidence that such registration has been accomplished or attempted. This could be of importance in some future trade agreement or at peace negotiations.

d. With regard to the backing of loans by the Laender (Landes-bürgschaften), it was decided that if it is necessary to extend credits for important orders and important factories beyond 31 December 1950, the pertinent ministry in the Land must send an application to the corresponding ministry of the DDR, which will arrange a governmental decree. If the decree is issued, the credit order will go through the government to the Deutsche Notenbank. The backing of loans by the Laender vis-a-vis the Landesgenossenschaftsbanken will continue as before.

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